

**CALENDAR ITEM
C06**

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10/01/02
W 25840
L. Burks

GENERAL LEASE - RIGHT OF WAY USE

APPLICANT:

Wickland Pipelines, a Limited
Liability Company
3610 American River Drive, Suite 140
Sacramento, California 95864

AREA, LAND TYPE, AND LOCATION:

0.16 acres, more or less, of tide and submerged lands in the Sacramento River, connecting the existing Kinder Morgan pipeline system in the city of West Sacramento to a proposed tank farm site at the Sacramento International Airport, near the city of Sacramento, Sacramento and Yolo counties.

AUTHORIZED USE:

Installation of a 12-inch diameter jet fuel pipeline.

LEASE TERM:

20 years, beginning October 1, 2002.

CONSIDERATION:

\$156 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Insurance: Lessee shall maintain limits of no less than:

1. General Liability shall be on an Occurrence basis (as opposed to Claims Made basis), with a maximum limit of \$25,000,000 per year, which will include Products Completed/Operations, Personal and Advertising Injury and Fire Damage.

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2. Worker's Compensation: Statutory requirements of the State of California and Employers Liability Insurance.
3. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
4. Environmental Impairment or Pollution Liability: \$5,000,000 per occurrence.
5. Builders Risk Property Insurance: Total completed construction project value.

Surety Bond: \$45,000.

OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.
2. A consortium of airlines operating at the Sacramento International Airport is proposing a lease with Sacramento County to allow construction and operation of a new fuel tank farm, equipment, operational facilities, and a pipeline right of way connecting the new Airport tank farm facility to the existing Kinder Morgan pipeline system in the city of West Sacramento. The proposed jet fuel pipeline will be approximately 10 miles in length. The lease area will consist of a 12-inch diameter pipeline directionally bored approximately 650 feet in length across the Sacramento River at a minimum of 50 feet beneath the river bottom.
3. Because this pipeline carries jet fuel it will be subject to all regulations of the California State Fire Marshall (CSFM). The CSFM requires an internal hydro test at the conclusion of construction of a new pipeline, and does not require any internal tests for the first ten years. Thereafter, hydro testing is required every five years unless the pipeline is placed on a "high-risk list".
4. An EIR (SCH No. 200112013) was prepared and certified for this project by Sacramento County. The California State Lands Commission staff has reviewed such document and Mitigation Monitoring Program adopted by the lead agency.
5. Findings made in conformance with the State CEQA Guidelines (Title 14, California Code of Regulations, sections 15091 and 15096) are on file in

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the office of the California State Lands Commission, and are incorporated herein by reference.

6. A Statement of Overriding Considerations (SOC) made in conformance with the State CEQA Guidelines (Title 14, California Code of Regulations, section 15093) is on file in the office of the California State Lands Commission, and is incorporated herein by reference.
7. The Statement of Overriding Considerations, adopted by Sacramento County, relates to the impacts of: 1) Construction-Related Noise; and 2) Short-Term Air Quality Emissions. Commission staff recommends adoption of the SOC as approved by Sacramento County, as these temporary, significant impacts will not be consumptive of the environmentally significant values of the Sacramento River including, but not limited to, an important migration route for anadromous fish and riparian habitat.
8. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

City of West Sacramento; Reclamation Districts 537, 900 and 1000; Sacramento Air Quality Management District; Sacramento County; Yolo County; California Department of Fish and Game; California Department of Transportation; California Department of Water Resources; California Public Utility Commission; California Regional Water Quality Control Board; California State Fire Marshall; California State Water Resources Control Board; United States Army Corps of Engineers; Environmental Protection Agency; and United States Fish and Wildlife Service and National Marine Fisheries Service.

EXHIBIT:

- A. Site Plan and Location Map

PERMIT STREAMLINING ACT DEADLINE:

January 10, 2003

RECOMMENDED ACTION:

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IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

1. FIND THAT AN EIR (SCH NO. 200112013) WAS PREPARED AND CERTIFIED FOR THIS PROJECT BY SACRAMENTO COUNTY AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. ADOPT THE FINDINGS MADE IN CONFORMANCE WITH TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTIONS 15091 AND 15096 (h), ON FILE IN THE OFFICE OF THE CALIFORNIA STATE LANDS COMMISSION.
3. ADOPT THE MITIGATION MONITORING PROGRAM, ON FILE IN THE OFFICE OF THE CALIFORNIA STATE LANDS COMMISSION.
4. ADOPT THE STATEMENT OF OVERRIDING CONSIDERATIONS MADE IN CONFORMANCE WITH TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15093, ON FILE IN THE OFFICE OF THE CALIFORNIA STATE LANDS COMMISSION.

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE ISSUANCE TO WICKLAND PIPELINES, A LIMITED LIABILITY COMPANY OF A GENERAL LEASE - RIGHT OF WAY USE, BEGINNING OCTOBER 1, 2002, FOR A TERM OF 20 YEARS, FOR INSTALLATION OF A 12-INCH DIAMETER JET FUEL PIPELINE ON THE LAND SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL RENT IN THE AMOUNT OF \$156, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; GENERAL LIABILITY SHALL BE ON AN OCCURRENCE BASIS (AS OPPOSED TO CLAIMS MADE BASIS), WITH A MAXIMUM LIMIT OF \$25,000,000 PER YEAR, WHICH WILL INCLUDE PRODUCTS COMPLETED/OPERATIONS, PERSONAL AND

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ADVERTISING INJURY AND FIRE DAMAGE; WORKER'S
COMPENSATION-STATUTORY REQUIREMENTS OF THE STATE OF
CALIFORNIA AND EMPLOYER'S LIABILITY INSURANCE;
EMPLOYER'S LIABILITY-\$1,000,000 PER ACCIDENT FOR BODILY
INJURY OR DISEASE; ENVIRONMENTAL IMPAIRMENT LIABILITY-
\$5,000,000 PER OCCURRENCE; AND BUILDER'S RISK PROPERTY
INSURANCE-TOTAL COMPLETED CONSTRUCTION PROJECT
VALUE; SURETY BOND IN THE AMOUNT OF \$45,000.